

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CUMBERLAND)	
FALLS HIGHWAY WATER DISTRICT)	
OF WHITLEY COUNTY, KENTUCKY,)	
FOR A CERTIFICATE OF PUBLIC)	CASE NO. 96-208
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT, FINANCE AND)	
INCREASE RATES PURSUANT TO)	
KRS 278.023)	

O R D E R

On May 16, 1996, Cumberland Falls Highway Water District ("Cumberland Falls") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$1,692,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. The project consists of the installation of approximately 65,000 feet of 4, 6, and 8 inch water main with appurtenances, two water storage tanks, two pumping stations, revisions to an existing meter vault, and the construction of office and storage facilities. This project will provide service to 135 additional customers. Project funding includes a \$766,000 bond issue to be purchased pursuant to an agreement with the U.S. Department of Agriculture's Rural Development Administration ("RDA"), a \$585,500 grant from RDA, a \$300,000 grant from the Appalachian Regional Commission ("ARC"), and \$40,500 from applicants for service in the proposed project area.

Cumberland Falls' application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department

of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. The application as originally submitted failed to meet the minimum filing requirements. While Cumberland Falls had divided the project into three contracts for the purpose of taking bids, only two had been awarded and received the RDA's concurrence as required by 807 KAR 5:069, Section 3(2)(b), at the time the application was submitted. The third and final bid was concurred in by the RDA on June 27, 1996, with the letter of concurrence being submitted to the Commission on July 1, 1996. Given that minimum filing requirements were met in this case on July 1, 1996, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of the agreement between Cumberland Falls and the RDA.

IT IS THEREFORE ORDERED that:

1. Cumberland Falls is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Cumberland Falls' proposed plan of financing with RDA is accepted.
3. Cumberland Falls is authorized to issue bonds not to exceed \$766,000.
4. Cumberland Falls shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

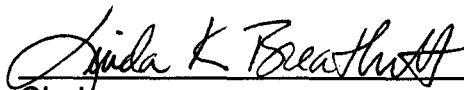
6. Cumberland Falls shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.


7. Cumberland Falls shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Cumberland Falls shall take immediate action to bring the system into compliance with Commission regulations.

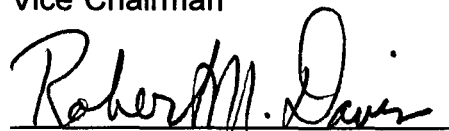
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 12th day of July, 1996.

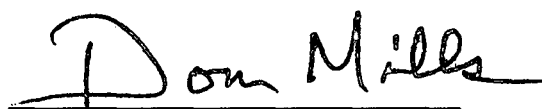
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-208 DATED JULY 12, 1996

The following rates and charges are prescribed for the customers in the area served by Cumberland Falls Highway Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates

First 1,000 gallons	\$13.50 (Minimum Bill)
Over 1,000 gallons	5.23 per 1,000 gallons
Whitley County Water District	\$2.44 per 1,000 gallons